

Sonoma County Economic Forecast

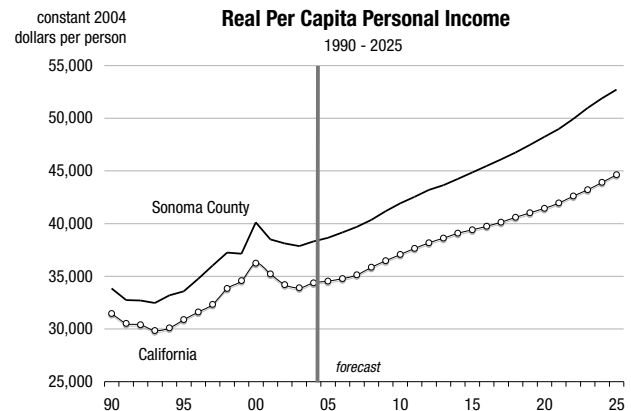
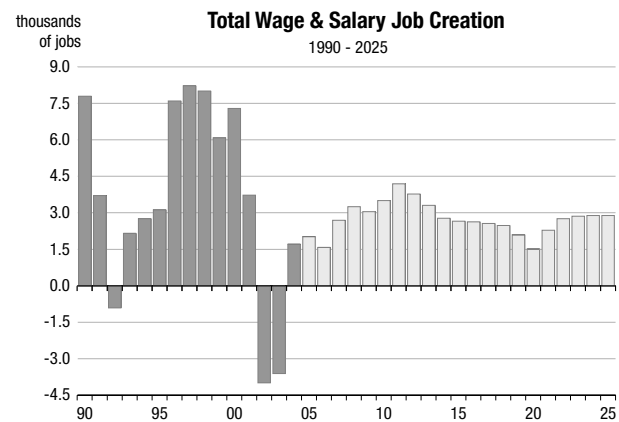
Sonoma County is located in the San Francisco Bay Area. The county is west of Napa County and north of Marin County. The county thrived in the late 1990s when technology was booming, but since the dotcom bust of 2000 economic growth in the county has been slow to recover. Sonoma County has a population of almost 480,000 people and more than 191,000 wage and salary jobs. The per capita income in the county is \$38,313, and the average salary per worker is among the highest in the state at \$42,130. Median family income in 2005 is \$74,600.

Employment growth in the greater Northern California area remained weak in 2004, due primarily to the hard pressed Bay Area economies. Employment growth in the Bay Area declined by another 1 percent last year. In Sonoma County, however, just over 1,700 jobs were created, representing the first year of positive job growth in the county since 2001. Non-farm employment increased by 0.9 percent last year. However the unemployment rate rose slightly to 5.0 percent in 2004.

Professional services, construction, and government created new employment opportunities in 2004. These three sectors contributed over 2,000 jobs. Employment in manufacturing continued to decline, shrinking by more than 1,000 jobs. The decline in manufacturing jobs is consistent with the statewide trend in this sector since 1997.

The population continues to grow in Sonoma County, but the growth rate is modest at just under one percent. The fastest growing cities in the county are Windsor and Santa Rosa, growing 2.3 and 0.7 percent respectively, in 2004.

Employment growth will remain slow in Sonoma County through 2006. In 2007 and beyond the county will return to healthier levels of job creation.



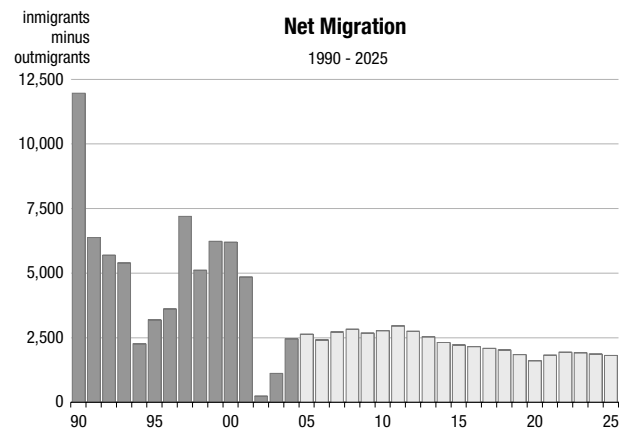
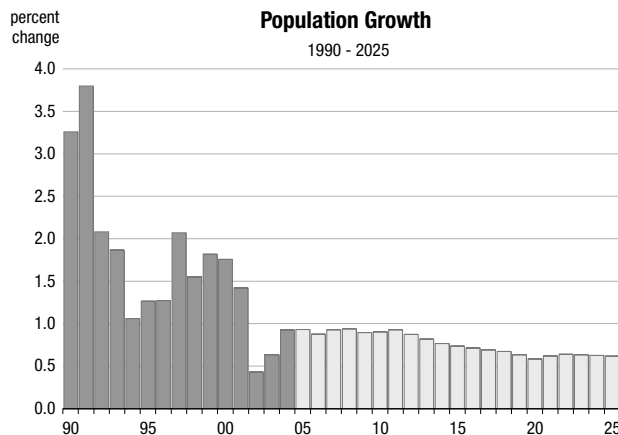
Forecast Highlights

- Job growth is expected increase to 1.1 percent in 2005. Over the next five years, the annual growth rate is expected to increase to an average of 1.4 percent per year.
- Average salaries adjusted for inflation are currently below the California average, but are increasing at a faster rate than the state average. Real average salaries are forecast to average 1.1 percent increases per year over the next 5 years.
- Over the next five years, the momentum for employment growth is in professional services, construction, leisure services, education and healthcare services, and government. These sectors account for almost all of the job growth in the county during the forecast period.
- The population will continue to grow at a rate of 0.9 percent in 2005. Annual growth in the 2005 to 2010 period is forecast to remain at this same rate of growth.
- Net migration is expected to increase to nearly 2,500 people in 2005. Over the next five years net migration is expected to average 2,700 net immigrants each year.
- Real per capita incomes increase at a rate of 0.9 percent in 2005. Over the next five years real per capita incomes are forecast to increase 1.6 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to increase at a rate of 2.6 percent in 2005. Over the next five years real taxable sales are forecast to increase 2.7 percent per year.
- Industrial production is expected to remain at current levels in 2005. Over the next five years the growth rate of industrial production is forecast to increase, averaging gains of 2.7 percent per year.

Sonoma County Economic Forecast

1995-2004 History, 2005-2025 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1995	424,300	3,192	397.9	160.6	1,927	\$4.2	\$10.9	\$33,569	2.0	449.3	2.33	5.5
1996	429,700	3,613	404.4	162.2	1,464	\$4.6	\$11.7	\$34,766	2.3	499.4	2.54	4.4
1997	438,600	7,198	389.8	163.8	2,121	\$5.0	\$12.7	\$36,013	3.4	628.6	2.88	3.8
1998	445,400	5,111	417.3	165.3	2,964	\$5.4	\$13.8	\$37,242	3.2	544.8	3.16	3.3
1999	453,500	6,236	431.3	167.2	3,052	\$6.0	\$14.6	\$37,138	4.2	556.7	3.45	2.7
2000	461,472	6,199	453.6	172.4	2,555	\$6.8	\$16.8	\$40,110	4.5	652.1	3.87	2.7
2001	468,030	4,848	467.6	174.2	2,579	\$6.8	\$17.2	\$38,492	5.4	611.4	3.36	2.9
2002	470,055	242	474.8	176.1	1,835	\$6.7	\$17.4	\$38,109	1.6	581.7	3.19	4.5
2003	473,048	1,125	466.4	178.1	2,339	\$6.8	\$17.7	\$37,855	1.8	517.4	3.24	4.9
2004	477,437	2,461	467.6	179.6	1,689	\$7.2	\$18.3	\$38,313	1.2	498.3	3.26	5.0
2005	481,892	2,642	469.4	181.1	1,932	\$7.5	\$19.0	\$38,657	1.7	480.8	3.27	4.9
2006	486,125	2,422	472.8	182.9	2,025	\$7.9	\$20.0	\$39,159	2.7	468.2	3.23	5.0
2007	490,650	2,723	477.5	184.8	2,211	\$8.3	\$21.0	\$39,682	2.6	459.2	3.32	4.9
2008	495,267	2,832	483.1	186.8	2,367	\$8.7	\$22.1	\$40,352	2.6	451.5	3.44	4.8
2009	499,715	2,682	489.2	189.0	2,424	\$9.2	\$23.3	\$41,190	2.5	449.6	3.58	4.8
2010	504,237	2,781	495.3	191.3	2,509	\$9.8	\$24.6	\$41,915	2.7	448.1	3.73	4.8
2011	508,923	2,968	501.3	193.6	2,621	\$10.3	\$25.8	\$42,545	2.7	448.4	3.89	4.7
2012	513,371	2,755	506.8	196.1	2,617	\$10.9	\$27.2	\$43,191	2.8	449.1	4.03	4.6
2013	517,586	2,543	512.0	198.6	2,553	\$11.4	\$28.5	\$43,638	2.9	449.7	4.18	4.6
2014	521,552	2,317	516.7	200.9	2,459	\$12.0	\$30.0	\$44,243	2.9	450.2	4.32	4.6
2015	525,396	2,222	521.0	203.2	2,391	\$12.6	\$31.6	\$44,857	3.1	450.3	4.44	4.6
2016	529,152	2,162	524.9	205.5	2,341	\$13.3	\$33.2	\$45,484	3.0	450.0	4.57	4.6
2017	532,817	2,094	528.4	207.7	2,295	\$13.9	\$34.9	\$46,085	2.9	449.3	4.70	4.7
2018	536,406	2,033	531.8	209.8	2,245	\$14.6	\$36.6	\$46,758	2.7	447.6	4.86	4.8
2019	539,809	1,855	534.9	211.9	2,158	\$15.3	\$38.4	\$47,479	2.8	445.7	5.01	4.8
2020	542,968	1,614	537.8	213.9	2,034	\$16.0	\$40.3	\$48,234	2.7	444.4	5.12	4.9
2021	546,346	1,832	540.3	215.8	2,048	\$16.8	\$42.2	\$48,977	2.6	443.7	5.26	4.8
2022	549,844	1,942	542.6	217.8	2,091	\$17.7	\$44.5	\$49,938	2.6	443.4	5.42	4.7
2023	553,339	1,921	544.7	219.7	2,107	\$18.6	\$47.0	\$50,979	2.7	443.5	5.61	4.7
2024	556,809	1,872	546.8	221.7	2,109	\$19.6	\$49.4	\$51,888	2.7	443.9	5.82	4.7
2025	560,255	1,821	548.7	223.7	2,106	\$20.6	\$51.9	\$52,721	2.7	444.3	6.01	4.6



Sonoma County Employment Forecast

1995-2004 History, 2005-2025 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1995	155.7	5.45	7.6	21.6	4.11	25.5	9.8	14.2	2.88	18.3	15.4	25.1
1996	163.3	5.82	8.4	23.2	4.20	27.0	9.2	15.5	2.98	19.4	16.4	25.0
1997	171.6	6.18	9.4	25.9	4.28	28.0	9.0	17.6	3.10	19.9	16.6	25.2
1998	179.6	6.54	10.1	28.3	4.22	28.8	9.4	18.8	3.40	20.7	17.1	25.6
1999	185.7	6.41	11.9	29.2	4.14	29.1	10.0	19.5	3.56	21.1	17.5	26.6
2000	193.0	6.89	13.1	30.2	4.07	29.5	10.2	20.6	4.06	22.0	17.9	27.6
2001	196.7	6.95	13.7	30.4	4.04	30.1	10.4	20.0	4.51	22.9	18.7	28.0
2002	192.7	6.54	13.3	27.3	4.06	30.0	10.3	19.0	4.19	23.3	19.7	28.0
2003	189.1	5.87	13.0	25.3	3.84	30.0	10.3	19.0	3.99	22.7	19.9	28.5
2004	190.8	5.94	13.6	24.3	3.93	30.1	10.0	19.7	4.24	22.6	20.2	29.5
2005	192.8	5.93	13.8	23.8	4.00	30.4	10.3	19.6	4.43	23.2	20.8	30.1
2006	194.4	5.91	14.0	23.1	4.06	30.6	10.1	20.0	4.59	23.8	21.1	30.5
2007	197.1	5.92	14.3	22.7	4.11	30.9	10.0	20.9	4.74	24.4	21.6	30.9
2008	200.4	5.90	14.6	22.5	4.16	31.1	10.1	21.8	4.91	25.1	22.2	31.2
2009	203.4	5.93	15.0	22.5	4.21	31.3	10.1	22.7	5.09	25.7	22.6	31.6
2010	206.9	5.94	15.4	22.6	4.27	31.5	10.2	23.6	5.27	26.4	23.0	31.9
2011	211.1	5.94	15.8	22.9	4.32	31.7	10.3	24.5	5.43	27.7	23.4	32.2
2012	214.9	5.95	16.1	23.0	4.38	31.9	10.2	25.3	5.59	29.4	23.7	32.5
2013	218.2	5.97	16.2	23.0	4.44	32.1	10.2	26.0	5.73	30.9	24.0	32.8
2014	221.0	5.98	16.2	22.9	4.51	32.3	10.0	26.6	5.86	32.3	24.3	33.2
2015	223.7	5.99	16.1	22.8	4.57	32.4	10.0	27.0	5.98	33.7	24.7	33.5
2016	226.3	6.01	16.1	22.7	4.64	32.6	10.0	27.3	6.09	35.1	25.0	33.9
2017	228.9	6.00	16.1	22.7	4.70	32.8	10.0	27.6	6.20	36.3	25.4	34.3
2018	231.3	6.01	16.1	22.6	4.77	33.0	10.0	27.8	6.30	37.5	25.7	34.7
2019	233.4	6.01	15.9	22.5	4.83	33.1	10.1	28.1	6.40	38.7	25.9	35.1
2020	234.9	6.02	15.6	22.2	4.89	33.3	10.1	28.4	6.49	39.7	26.0	35.6
2021	237.2	6.01	15.4	22.2	4.96	33.4	10.0	28.6	6.58	41.2	26.1	36.0
2022	240.0	6.02	15.3	22.4	5.02	33.6	10.0	28.9	6.67	42.6	26.3	36.5
2023	242.9	6.01	15.3	22.8	5.08	33.7	10.1	29.1	6.76	43.9	26.4	37.0
2024	245.7	6.04	15.3	23.1	5.14	33.9	10.1	29.3	6.86	45.1	26.5	37.5
2025	248.6	6.04	15.4	23.5	5.19	34.1	10.2	29.6	6.96	46.3	26.6	38.0

